

AMENDED IN SENATE MAY 26, 2010

AMENDED IN ASSEMBLY MAY 3, 2010

AMENDED IN ASSEMBLY APRIL 14, 2010

AMENDED IN ASSEMBLY MARCH 23, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2177

Introduced by Assembly Member Beall
(Coauthors: Assembly Members Blumenfield and Ma)

February 18, 2010

An act to add and repeal Section 18416.5 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2177, as amended, Beall. Income and corporation taxes: Franchise Tax Board: administration: electronic communication.

Existing law, among other things, requires the Franchise Tax Board to administer the Personal Income Tax Law and the Corporation Tax Law.

This bill would authorize the Franchise Tax Board, by regulation, to implement an alternative communication method that, at the request of a taxpayer or the taxpayer's authorized representative, would allow specified electronic communications between the Franchise Tax Board and the taxpayer. The bill would require the Franchise Tax Board to advise the taxpayer or the taxpayer's authorized representative of the ramifications of electing to receive notifications from the Franchise Tax Board in the manner selected and of failing to take appropriate action in response to those notifications prior to the use of the alternative

communication method. The bill would repeal the provisions as of January 1, 2018.

This bill would require the Franchise Tax Board to ensure procedural due process requirements are satisfied in the implementation of the alternative communication method.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 18416.5 is added to the Revenue and
2 Taxation Code, to read:

3 18416.5. (a) The Franchise Tax Board may, by regulation,
4 implement an alternative communication method that would allow
5 the Franchise Tax Board, at the request of the taxpayer or the
6 taxpayer's authorized representative, to provide notification to the
7 taxpayer in a preferred electronic communication method
8 designated by the taxpayer that a notice, statement, bill, or other
9 communication required or authorized under Part 10 (commencing
10 with Section 17001), this part, or Part 11 (commencing with
11 Section 23001) is available for viewing in the taxpayer's limited
12 access secure folder on the Franchise Tax Board's Internet Web
13 site and would allow the taxpayer or the taxpayer's authorized
14 representative to file a protest, notification, and other
15 communication to the Franchise Tax Board in a secure manner.
16 Prior to obtaining the consent of a taxpayer to participate in the
17 alternative communication method authorized by this section, the
18 Franchise Tax Board shall advise the taxpayer or the taxpayer's
19 authorized representative of the ramifications of electing to receive
20 notifications from the Franchise Tax Board in the manner selected
21 and of failing to take appropriate action in response to one or more
22 of those notifications.

23 (b) Sending electronic notification to a taxpayer or the taxpayer's
24 authorized representative pursuant to the taxpayer's request made
25 in accordance with regulations authorized under subdivision (a)
26 shall not be considered a violation of Section 19542 or 19542.1.
27 Any electronic notification provided to a taxpayer using the
28 alternative communication method authorized by this section shall
29 include plain language advising the taxpayer that a failure to act

1 may cause the taxpayer to forego procedural or administrative
2 rights to challenge the proposed action.

3 (c) This section shall cease to be operative with respect to a
4 notice, statement, bill, protest, or other communication between
5 the Franchise Tax Board and a taxpayer on or after January 1,
6 2018, and is, as of that date, repealed. The repeal of this section
7 shall not be interpreted or applied to invalidate any notice,
8 statement, bill, protest, or other communication between the
9 Franchise Tax Board and a taxpayer prior to that date using the
10 alternative communication method authorized by this section prior
11 to its repeal.

12 (d) Notwithstanding any other law regarding the use of United
13 States mail, any notice, statement, bill, protest, and other
14 communication from the Franchise Tax Board to a taxpayer or the
15 taxpayer's authorized representative and from a taxpayer or the
16 taxpayer's authorized representative to the Franchise Tax Board
17 pursuant to the alternative communication method authorized by
18 this section shall be treated as if it were mailed by United States
19 mail, postage prepaid.

20 SEC. 2. The Legislature finds and declares that Section 18416.5
21 of the Revenue and Taxation Code, as added by Section 1 of this
22 act, is intended to enhance opportunities for alternative means of
23 communication with taxpayers. The Legislature is ~~also~~ mindful of
24 fundamental requirements of the federal and state constitutions
25 concerning procedural due process. In prescribing regulations
26 under Section 18416.5 of the Revenue and Taxation Code, the
27 Franchise Tax Board shall ensure procedural due process
28 requirements are satisfied.